

# Workforce News



A quarterly publication of the Department of Workforce Services: issued June 2010

**Central:** Juab, Millard, Piute, Sanpete, Sevier, Wayne

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## Inside:

### Are We in Recovery?

- › **Juab:** Still edging downward
- › **Millard:** Not in recovery yet
- › **Piute:** Some economic improvement
- › **Sanpete:** 4th Quarter Turning Point?
- › **Sevier:** Best central Utah performance
- › **Wayne:** Still in recession



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## Measuring the Economy —How industrially diverse is your county?



Financial advisors typically encourage their clients to diversify their portfolios. In other words, we're encouraged to invest in a wide variety of investments. Diversification minimizes the risk to the entire portfolio from a downturn in any one investment.

When it comes to the economy, diversification can also help minimize the impact of a downturn in any particular industry on the entire economy. In general, economies with more industrial diversification are more stable over time. So understand-

ing the industrial diversity—or lack of diversity—in a particular area can reveal how exposed local economies are to large swings in their own business cycle.

The Hachman Index (developed by Frank Hachman while with the Utah Bureau of Economic and Business Research at the University of Utah) provides a measure of economic diversity. This index measures how closely the employment distribution of a region (state, county) resembles that of a reference region (nation) at

*(continued)*

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## Measuring the Economy (continued)

a particular point in time. The closer the index is to one, the closer the region reflects the economic diversity of the reference region.

For example, if Nonesuch County's Hachman Index measured 0.99 with the U.S. as a reference region, we'd know that Nonesuch County's employment distribution was almost identical to that of the U.S. On the other hand, an index of 0.11 would be indicative of a county which was substantially less diverse than the nation—and typically heavily dependent on just one industry.

The Hachman index chart that accompanies this article uses preliminary 2009 data for employment at the North American Industrial Classification System (NAICS) two-digit level, with federal, state and local governments broken out separately. First, a warning from the data police: Yes, 2009 was a recession year that hit both construction and manufacturing industries quite hard. This will affect the index somewhat compared to non-recessionary years.

Interestingly, Utah, with a statewide index of 0.97, shows industrial diversity very similar to that of the United States. Moreover, the state is more diverse than any of its component counties. In central Utah, most counties show significantly less industrial diversification than the nation. Juab (0.65) and Sanpete (0.58), which

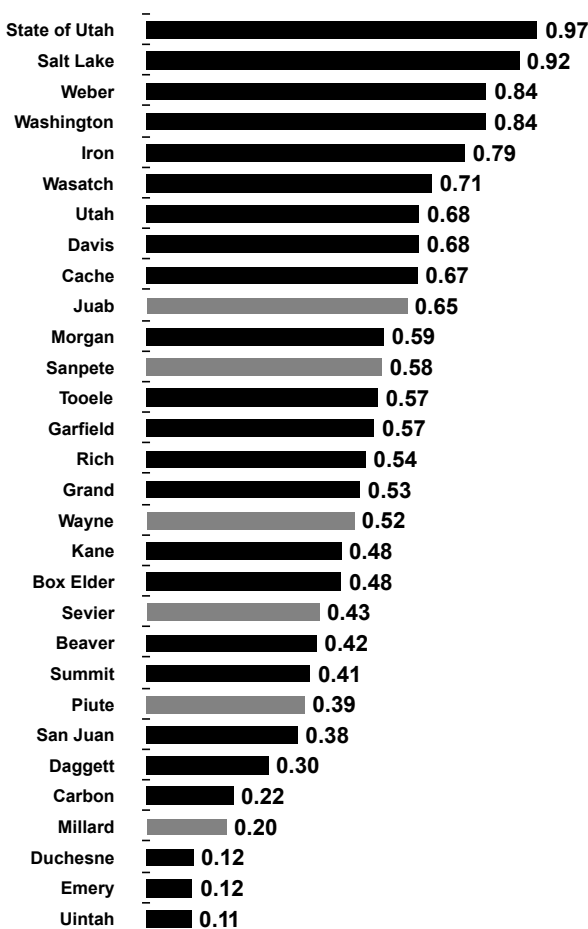
maintain relatively high manufacturing employment shares in comparison with most nonurban counties, show the highest Hachman indices in the region.

Wayne (0.52), Sevier (0.43), and Piute (0.39) counties all show diver-

sity in the bottom tier of a ranking of Utah's counties. Most less-populated counties maintain a higher-than-average share of government employment (which includes public education), which lowers their relative diversity. Millard (0.20) displays the lowest lev-

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### 2009 Hachman Index\* of Industrial Diversity for Utah Counties

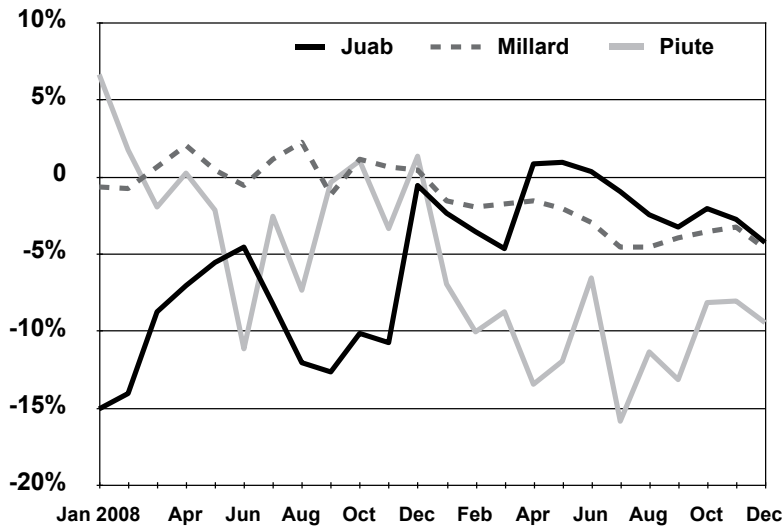


\*Measure of industrial employment diversity. The closer to one the index measures, the closer industrial employment reflects the United States. Measured at the NAICS two-digit industry level using preliminary 2009 data.

Source: Utah Department of Workforce Services.

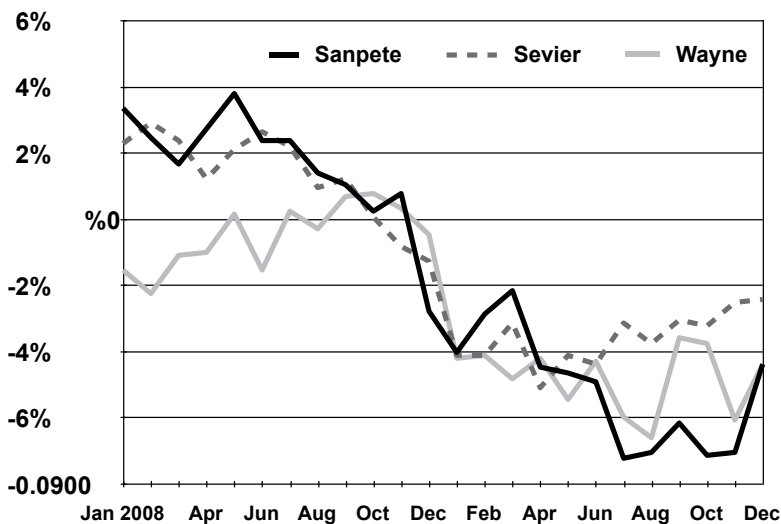
## Measuring the Economy (continued)

### Year-Over Change in Nonfarm Jobs



Source: Utah Department of Workforce Services.

### Year-Over Change in Nonfarm Jobs



Source: Utah Department of Workforce Services.

el of diversity of any county in central Utah. Only three counties (all heavily dependent on mining industries) registered lower levels of economic diversity. In Millard County a high

share of utilities employment (largely attributable to the Intermountain Power Project) put a damper on comparative diversity. **WFN**

## What's Up?

For a quick look at your county's current economic information, go to: <http://jobs.utah.gov/countyinfo>, select your county, and then click on "Current Economic Snapshot."

"iWorks, a major employer in Ephraim, has laid off most of its workforce. About 100 employees lost their jobs on March 12. Three weeks ago, about 50 employees also lost their jobs. That leaves about 30 of the original 180 workers employed."

-The Sanpete Messenger

"Work on a \$1.3-million **culinary water improvement project** is under way in Central Valley (Sevier County). The project is set to run through the first part of August, and will include the installation of a new 300,000-gallon concrete water tank, some 38,000 linear feet of new and replacement pipe and roughly 60 new and replacement fire hydrants."

-The Richfield Reaper

# County News

In last quarter's newsletter, I spent a lot of time discussing the definition of an economic recovery ([jobs.utah.gov/opencms/wi/regions/western/pubs/wfnewscentralmar10.pdf](http://jobs.utah.gov/opencms/wi/regions/western/pubs/wfnewscentralmar10.pdf)). To very briefly recap that discussion, I suggested that, historically, when year-to-year job losses start getting smaller rather than larger, the economy has started the recovery phase of the business cycle. Job growth generally doesn't occur until further on down the line.

## Recovery Update

Are job losses getting smaller? For the nation and Utah—undoubtedly. Nationally, we are probably only a few months away from year-over job growth and Utah is not far behind. The southwestern counties show varied performances. However, most counties have certainly “bottomed out.”

## The Jobs

The picture isn't quite so clear for the counties of central Utah. Most appear to be behind the national recessionary curve. **Juab County** keeps losing employment ground and has yet to show sure signs of hitting bottom. After signaling an end to recession in third quarter, **Millard County's** employment numbers slipped back down. Small **Piute County** may have already experienced its largest job declines, but it is really too soon to tell. Fourth quarter appears to have marked the end of the recession for **Sanpete County**.

On the other hand, **Sevier County** showed its largest employment losses much earlier—during the first quarter of 2009. Since that point, job losses have continued to shrink. **Wayne County**, in league with most of central Utah, has yet to clearly mark any labor market improvement.

## The Jobless

While some counties have started the recovery phase, their unemployment rates continue to edge up. Why the

discrepancy? Typically unemployment rates lag behind the recovery. The number of unemployed tends to cumulate during a recession and the rate only begins to improve after substantial progress the jobs arena.

## Juab County:

Instead of improving, Juab County's job losses just got bigger during the fourth quarter of 2009. Earlier in the year the county actually added jobs. But by December 2009, employment was down more than 4 percent compared to the same month a year before. Blame construction. If the building industry were excluded, Juab County would have actually added employment. Manufacturing payrolls actually increased in 2009 in Juab County—an impressive feat in any year.

Fortunately, construction permitting for the first two months of 2010 is up from last year, which may provide some help to the floundering construction industry. On the other hand, gross taxable sales have yet to hint at recovery.

## Millard County:

After showing signs that its worst employment losses might be over in the third quarter, Millard County took another hit in fourth quarter 2009. In fact, Millard County's December-to-December 4.6-percent contraction proved the largest decline of the current recession.

While mining and manufacturing showed declines, a notable job loss in the public sector, coupled with hits in the retail trade and professional/business services industries, accounted for the lion's share of the current contraction.

Construction permitting has yet to show any sign of resurgence in Millard County. Moreover, the county's gross taxable sales continue to show significant year-to-year decreases. All in all, Millard County does not appear to be moving out of recession just yet.

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# County News (continued)

## Piute County:

Has Piute County entered the recovery phase of the business cycle? Probably. The data suggests that Piute County may have already experienced its highest employment losses of the recession. Of course, with a year-over job decline of 9 percent in December 2009, the county is hardly out of the economic woods.

Wholesale trade, retail trade, transportation, and government all experienced significant employment contraction. However, mining, construction, and leisure/hospitality payrolls all showed an up-tick.

## Sanpete County:

Sanpete County also appears to be edging out of the economic trough, but only time will confirm that initial indication. Between December 2008 and December 2009, nonfarm job totals dipped by 4.6 percent. That's a noticeable improvement from the 8.1-percent decline registered in May 2009.

Most industries continued to lose employment—just at a slower pace. However, manufacturing actually improved its standing remarkably. The construction industry may not be too far behind, if permitting continues to improve.

The value and number of new home permits for the first two months of 2010 generated very healthy year-to-year gains. And while gross taxable sales still show year-over contraction, the loss in fourth quarter 2009 was the lowest in almost a year.

## Sevier County:

In central Utah, only Sevier County shows clear indications of economic recovery. April 2009 marked the worst job losses. Since then, the county's year-to-year employment declines have shriveled bit by bit. By December

2009, the county showed year-over nonfarm job losses of less than 3 percent.

Nevertheless, few industries are showing employment gains. Only retail trade and private education/healthcare/social services managed notable employment increases. Manufacturing is the largest industrial job-loser in the county, followed by construction and wholesale trade.


Other indicators show little sign of recovery in Sevier County. Construction permitting for the first two months of 2010 continued to contract—although at a slower pace than in 2009. In addition, gross taxable sales continue to flirt with double-digit declines.

## Wayne County:

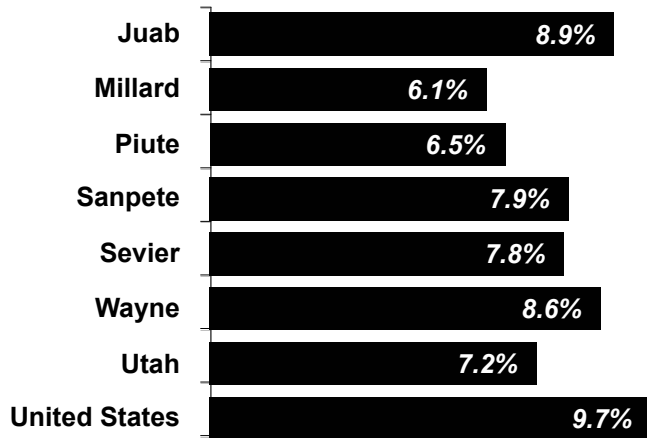
In third quarter 2009, Wayne County seemed to be climbing out of the recession. However, in fourth quarter, it took two steps back. In fact, October marked Wayne County's worst job losses of the recession so far (6.5 percent). In December 2009, Wayne County's year-over employment decrease improved only somewhat—down 4.9 percent.

By far, the largest share of employment losses occurred in private education/health/social services. Yet, most other industries also dropped jobs. On the other hand, mining displayed a significant employment gain.

Construction permitting data for the first two months of 2009 shows some improvement—although not a tremendous amount of activity. On the other hand, Wayne County gross taxable sales took their largest hit of the recession during the fourth quarter of 2009.

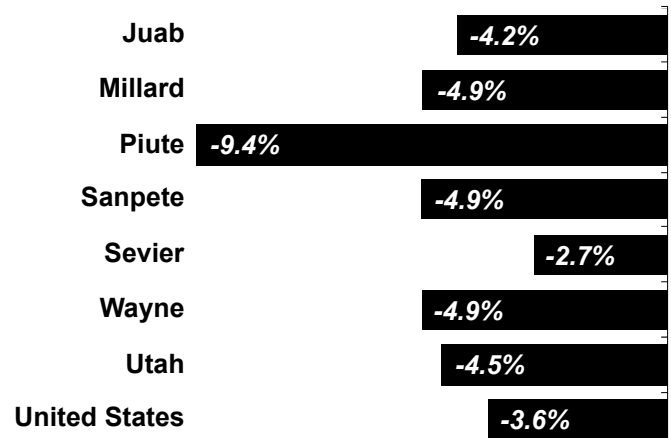
For a more information about these counties, see: <http://jobs.utah.gov/countyinfo> 

### Seasonally Adjusted Unemployment Rates March 2010



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

### Percent Change in Nonfarm Jobs December 2008 to December 2009



Source: Utah Dept. of Workforce Services; U.S. Bureau of Labor Statistics.

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